America’s Economic Engine
An Examination of Small Businesses During COVID-19

The Harris Poll
Harris Insights & Analytics LLC, A Stagwell Company
METHODOLOGY

This survey was conducted online within the United States by The Harris Poll from March 23-24, 2020 among 310 U.S. small business owners ages 18 and older. Small business owners are defined as owners/co-owners or franchisee/franchise owners of a company in the U.S. with fewer than 100 employees. Results align with the population of small businesses on company size. This online survey is not based on a probability sample and therefore no estimate of theoretical sampling error can be calculated.

This report summarizes the key findings of the research, and we will be conducting more in-depth analysis of the findings over the coming weeks. For more information on the data, contact: Amber Broughton, Managing Director amber.broughton@harrisinsights.com.
Hardship abounds – but small businesses have key support systems and mindsets that are proving to be resilient.

Revenue for small business owners has decreased since pandemic-related changes began.

- 71% of small business owners report revenue has decreased since pandemic-related changes began in their community, and 28% report their revenue is down 50% or more.
- Not surprisingly, these changes have led to reduced employee hours and lay-offs. One-third of those with employees have reduced employee hours and 15% have laid off employees. 1-in-10 indicate they have gone out of business for good. However, among this upheaval, many small business owners are finding ways to make the best of impossible circumstances through their entrepreneurial spirit and strong relationships with their communities.
Small businesses are nimble and many have been able to pivot to stay afloat – for now...

Roughly half of all small businesses indicate that they have been somewhat or very able to pivot to a more online or ‘socially distanced’ business model, and more than 6-in-10 report making changes to their business to address the pandemic.

The responses by businesses have been varied: 15% report having changed their product offering to keep revenue coming in such as Citizen Ruth – a self-proclaimed ‘feminist’ retail store now offering humorous ‘Covid-19 Care Packages’ you can send to your feminist friends or Imelda’s Shoes which is offering 10% off for life if you place an order online during the coronavirus closures. The distilleries who pivoted to make hand sanitizer early on in the pandemic are now in good company as 10% of small businesses report changing their product offering specifically to address shortages. Nearly one in five (19%) have shifted their product offering to be more online/virtual – this includes everything from yoga studios offering virtual sessions to chefs providing cooking classes.

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2. [https://shop.imeldas.com](https://shop.imeldas.com)
One-in-ten small businesses have developed new products in recent weeks and a similar number are finding ways to engage with new customers during Covid-19. For example, McHarper Manor\(^5\), a previously in-person only art studio, is now offering free online classes for kids. Additionally, a small percentage of small business owners (7%), say they have seen increasing sales over the course of pandemic.

However, this new way of doing business isn’t sustainable long-term for most – while 75% indicate they can survive another month of the current conditions, only 58% believe they could survive 3 months and fewer than half say they’d survive 6 months.

How long do businesses believe they can last under the current conditions?

<table>
<thead>
<tr>
<th>Duration</th>
<th>Percentage</th>
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<tbody>
<tr>
<td>Two weeks</td>
<td>83%</td>
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<tr>
<td>One month</td>
<td>75%</td>
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<tr>
<td>Three months</td>
<td>58%</td>
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<td>Six months</td>
<td>46%</td>
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<tr>
<td>Twelve months</td>
<td>38%</td>
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Americans are starting to embrace these virtual efforts. In the last week, 14% have taken a “homeschool” class online, while 9% have taken a virtual athletic class\(^6\).

\(^5\)https://www.facebook.com/McHarperManor/

\(^6\) Data from wave 4 of the Harris Poll COVID-19 survey, fielded online among a nationally representative sample of 2,023 US adults from March 21-22, 2020.
Small business owners see themselves as ‘in it together’ with their community

Three-fourths of small business owners feel they have a responsibility to their customers during this pandemic, and two-thirds feel a responsibility to their communities at large.

In fact, small business owners believe that the most helpful policy intervention that the government could pass would be direct cash payments to individuals – above and beyond programs designed specifically for small businesses (e.g. payroll support, etc.). Many are also proactively looking to support customers themselves, such as Tony & Alba’s Pizza who is offering a free pizza, delivered free of charge once a week, to all customers over the age of 70.

A majority (60%) of small business owners believe their community cares about their business in return, and the evidence supports that. The most recent Harris COVID-19 Society Poll found that 26% of consumers have purchased something from a small business in the past week as a sign of support, and 5% had proactively called a congressperson to advocate for small businesses in their community.

Half of all small businesses say that at least one other small business depends on them, so keeping small businesses solvent in the coming weeks will help prevent an even more destructive ‘domino’ effect within communities.

In this spirit, we are seeing businesses across the nation helping each other out – from Asheville, NC where a marketing and public relations agency launched #AshevilleStrong to provide an online marketplace through which consumers can purchase gift cards to small businesses in the community, to Seattle where a Facebook group of business owners was developed to help each other innovate and brainstorm ways to weather this storm.

In The Harris Poll’s research, many small business owners reported “people supporting each other,” “being kind to one another,” and “coming together” were some of the more hopeful aspects of the pandemic.

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8 www.ashevillestrong.com
The interdependent relationship of small businesses and their communities forms the lifeblood of the American economy.

**Small Business**

- 76% of small business owners feel a responsibility to their customers
- 41% say a direct-to-consumer payment would be the MOST HELPFUL financial stimulus for their business
- 26% of Americans say they’ve purchased something from a small business in the last week as a sign of support

**Communities**

- 67% of small business owners feel a responsibility to their community
- 60% of small businesses feel reciprocally supported by their community

**Customers**

- Small business owners feel a responsibility to their customers
- 76%

**Employees**

- Say their employees are supportive of their business
- 73%

- Feel a responsibility to support employees and their families
- 63%

**Other Businesses**

- Say another small business also depends on them
- 51%

The pandemic has also highlighted the strength of the relationship between small businesses and their employees.

Small business owners indicate that their employees have been the most supportive group in recent weeks – 73% say their employees have been supportive in recent weeks. This exceeds perceived support from suppliers, financial institutions, donors, larger businesses and both local and federal government. In turn, most small business owners (63%) agree that they have a responsibility to their employees and their families during these trying times. 51% indicate that they think employee focused programs – such as government paid sick leave for employees – would be a helpful policy intervention on behalf of small businesses.
There are key opportunities to help small businesses adapt by:

1. Connecting small businesses to each other – allowing them to learn, ideate, and brainstorm for the collective good.

2. Helping them better serve customers in the new normal. Do you have tools that can help them reach new customers, facilitate online logistics, or generally help them become more ‘virtual’ in both the short and long term?

3. Facilitating their support of employees. Do you have a platform to highlight businesses that are highly supportive of their employees? Do you offer products/services that could provide flow-through benefits to employees?

Want to brainstorm? Interested in more from The Harris Poll? Reach out to Amber Broughton, amber.broughton@harrisinsights.com and Jennifer Musil, jennifer.musil@harrisinsights.com
About The Harris Poll

The Harris Poll is one of the longest-running surveys in the U.S., tracking public opinion, motivations and social sentiment since 1963. It is now part of Harris Insights & Analytics, a global consulting and market research firm that strives to reveal the authentic values of modern society to inspire leaders to create a better tomorrow. We work with clients in three primary areas; building twenty-first-century corporate reputation, crafting brand strategy and performance tracking, and earning organic media through public relations research. Our mission is to provide insights and advisory to help leaders make the best decisions possible.